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21 UNITED STATES DISTRICT COURT  
22 NORTHERN DISTRICT OF CALIFORNIA  
23 OAKLAND DIVISION

24 INTERTRUST TECHNOLOGIES  
25 CORPORATION, a Delaware corporation,

26 Plaintiff,

27 v.

28 MICROSOFT CORPORATION, a  
29 Washington corporation,

30 Defendant.

31 MICROSOFT CORPORATION, a  
32 Washington corporation,

33 Counterclaimant,

34 v.

35 INTERTRUST TECHNOLOGIES  
36 CORPORATION, a Delaware corporation,

37 Counter Claim-Defendant.

CASE NO. C02-0647 SBA  
Consolidated with C01-1640 SBA

MICROSOFT'S INITIAL  
DISCLOSURES PURSUANT TO  
FED. R. CIV. P. 26(a)(1) ('721 Patent)

1 Pursuant to Fed. R. Civ. P. 26(a), Microsoft Corporation ("Microsoft") makes the  
2 following initial disclosures. The initial disclosures are based on information now reasonably  
3 available and Microsoft's current understanding of the claims and defenses in this case.

4 Microsoft is not providing documents or information not reasonably available at this time.

5 Microsoft reserves the right to object to discovery into any listed subject matter. Microsoft  
6 reserves the right to supplement this initial disclosure pursuant to Fed. R. Civ. P. 26(e).

7 A. Witnesses

8 Microsoft identifies the following potential witnesses who, based on information and  
9 belief, are likely to have discoverable information relevant to claims and defenses in the action  
10 originally titled C02-0647 EDL (since reassigned and consolidated with C01-1640 SBA), along  
11 with the possible subjects of their testimony.

12 Microsoft incorporates by reference the identity of any individual identified in the Patent  
13 Office file histories of the patents-in-suit, including U.S. Patent No. 6,157,721 ("the '721  
14 Patent"), or involved in the prosecution of any patent-in-suit as being a potential source of  
15 discoverable information relevant to the '721 Patent, including but not limited to the named  
16 inventors, the prosecuting attorneys, and the U.S. Patent Office Examiners.

17 The individuals listed below may have discoverable information relevant to claims and  
18 defenses in this case. The identified individuals may also have information relevant to other  
19 subject matter areas that may be revealed upon further investigation of the matters at issue.  
20 There may be Microsoft employees, the specific identities of whom are not presently known, who  
21 are likely to have discoverable information relevant to claims and defenses in this action. In  
22 addition, there may be other persons and entities known to Microsoft who have discoverable  
23 information relevant to these subject matters, including Independent Software Vendors, Microsoft  
24 certified solution providers, Microsoft certified trainers, application developers, IT professionals,  
25 etc. Microsoft reserves the right to identify additional individuals who may have discoverable  
26 information relevant to any product that may be accused as infringing the '721 Patent, should  
27 InterTrust identify any such product. Microsoft employees may be contacted in this action only  
28 through Microsoft's counsel.

1 Microsoft incorporates its disclosure of November 26, 2001 regarding individuals  
2 employees who have information concerning pre-suit business negotiations between Microsoft  
3 and InterTrust, and licensing of patents-in-suit, and information relevant to prior art to the  
4 asserted InterTrust patents. On information and belief, at least the following additional  
5 individuals have information relevant to prior art to the '721 Patent: Dorothy Denning, George  
6 Davida, Yvo Desmedt, Whitfield Diffie, Robert S. Gray, T.E. Gray, Martin Hellman, Richard J.  
7 Linn, Brian Matt, Ralph Merkle, M.M. Pozzo, Dan Wallach, and anyone or anyone else familiar  
8 with the use or proposed use prior to the '721 Patent's filing date of cryptographic signatures  
9 and/or other "security" in Java, Telescript, Tcl, Verisign or Authenticode. Microsoft further  
10 incorporates by reference the identity of the authors, named inventors, and other individuals  
11 reflected or referenced in the publications and patents that are listed in the patents-in-suit and file  
12 histories or in Microsoft's Notice of Deposition of InterTrust Pursuant to Fed. R. Civ. P. 30(b)(6).  
13 Additional individuals potentially knowledgeable about prior art that may be relevant to the '721  
14 Patent are reflected in documents produced by Microsoft in this matter. Microsoft also  
15 incorporates by reference any individuals disclosed by InterTrust who are likely to have  
16 discoverable information relevant to disputed facts alleged in the pleadings. Microsoft reserves  
17 the right to supplement the identity of possessors of material information pursuant to the Federal  
18 Rules of Civil Procedure and the Local Rules.

19 B. Documents

20 Microsoft has already produced or is producing for inspection and/or copying  
21 nonprivileged documents in its possession, custody or control which it may use to support a claim  
22 or defense relevant to the disputed facts alleged with particularity in the pleadings. Microsoft  
23 objects to the production of attorney-client communications, attorney work product or other  
24 information protected from discovery. Documents withheld on grounds of attorney-client  
25 privilege and/or work product immunity will be identified on a privilege log to be provided at a  
26 time mutually agreeable to the parties or ordered by the Court. Work product and confidential  
27 communications seeking or providing legal advice, or pursuant to the seeking or providing of  
28 legal advice, between Microsoft (or its agents) and attorneys (or their agents) representing

1 Microsoft in connection with such representation produced after October 17, 1994, are also  
2 withheld, without particular identification, as subject to the attorney-client privilege and/or work  
3 product immunity. This categorical identification of these documents is considered to satisfy any  
4 identification requirements necessary to properly assert privilege for these documents. See  
5 Advisory Committee notes to 1993 Amendments to Fed. R. Civ. P. 26(b).

6 C. Computation of Damages

7 As to the infringement claim(s) asserted by InterTrust, Microsoft asserts that it has no  
8 liability in relation to the '721 Patent (or any other InterTrust patent asserted in this action), and  
9 as a result there is no applicable computation of damages therefor. Microsoft reserves the right to  
10 recover attorneys fees and costs to the extent permitted by law. Microsoft anticipates that its  
11 response to any computation of alleged damages by InterTrust pertaining to the '721 Patent, and  
12 supporting documents and other evidentiary materials, will be made available during the course  
13 of discovery, including expert discovery, in this action.

14 D. Insurance Agreements

15 Microsoft is not aware of any insurance agreement relevant to this action under Fed. R.  
16 Civ. P. 26(a)(1)(D).

17 Dated: June 5, 2002

18  
19  
20 By: 

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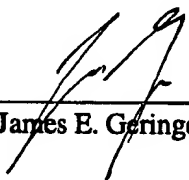
**DECLARATION OF SERVICE BY E-MAIL AND FIRST-CLASS MAIL**

On June 5, 2001, I served:

**MICROSOFT'S INITIAL DISCLOSURES  
PURSUANT TO FED. R. CIV. P. 26(a)(1) ('721 Patent)**

by e-mail delivery, and by placing a true copy of this paper in separate envelopes, first-class  
postage pre-paid, in the U.S. mail addressed to:

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12 UNITED STATES DISTRICT COURT  
13 NORTHERN DISTRICT OF CALIFORNIA  
14

15 INTERTRUST TECHNOLOGIES  
CORPORATION, a Delaware corporation,

16 Plaintiff,

17 v.

18 MICROSOFT CORPORATION, a  
19 Washington corporation,

20 Defendant.

21 AND COUNTER ACTION.  
22

Case No. C 01-1640 SBA (MEJ)

Consolidated with C 02-0647 SBA

**NOTICE OF APPLICATION AND  
APPLICATION FOR LEAVE TO AMEND  
COMPLAINT AND LOCAL RULE 3-1  
DISCLOSURES; REQUEST FOR  
FURTHER CASE MANAGEMENT  
CONFERENCE**

Judge: The Honorable Sandra B. Armstrong

Date: October 22, 2002

Time: 1:00 p.m.

23  
24 **NOTICE OF APPLICATION**

25 PLEASE TAKE NOTICE that plaintiff and counter-defendant InterTrust Technologies  
26 Corporation ("InterTrust") hereby applies, pursuant to Federal Rule of Civil Procedure 15(a), for  
27 leave to amend its Complaint in this action. InterTrust further applies, pursuant to Patent Local  
28 Rule 3-7, for leave to serve an amended Patent Local Rule 3-1 Disclosure of Asserted Claims

1 and Preliminary Infringement Contentions. InterTrust also requests that the Court schedule a  
2 further Case Management Conference at its earliest convenience. This application is set for  
3 hearing on October 22, 2002, at 1:00 p.m. This application is based upon the following  
4 Memorandum of Points and Authorities, and upon the accompanying declarations of Michael H.  
5 Page and David P. Maher.

## 6 MEMORANDUM OF POINTS AND AUTHORITIES

### 7 I. INTRODUCTION

8 InterTrust hereby applies for leave to amend its complaint, in the form attached hereto as  
9 Exhibit A, and to serve amended Patent Local Rule 3-1 disclosures, in order to include in this  
10 case significant additional infringements of its patents by Defendant Microsoft Corporation  
11 ("Microsoft"). Those additional infringements include Microsoft products and services  
12 introduced to the marketplace since the filing of InterTrust's initial complaint in this action, as  
13 well as infringements revealed as a result of discovery produced by Microsoft in the course of  
14 this litigation. If granted, leave to amend will add an additional four InterTrust patents (Nos.  
15 5,915,019 ("the '019 patent"), 5,949,876 ("the '876 patent"), 6,112,181 ("the '181 patent") and  
16 6,389,402 B1 ("the '402 patent")) to the seven patents already in suit.

17 Leave to amend should be granted, as a matter of course, for numerous reasons:

- 18 • Although the proposed amendment adds additional patents, the patents are closely  
19 related to those already in suit; all but one is a continuation or continuation-in-part  
20 from the same parent application as the current patents-in-suit, sharing  
21 substantially the same specification.
- 22 • The additional patents do not add any inventors to the suit, and Microsoft has not  
23 yet deposed any of the inventors.
- 24 • All documents related to the invention and reduction to practice of the four  
25 additional patents have already been produced in response to previous Microsoft  
26 discovery requests, and thus no additional discovery from InterTrust will be  
27 required.
- 28 • In advance of this motion and contemporaneous with claim charts for the existing  
patents-in-suit, InterTrust provided Microsoft with complete draft claim charts for  
the four additional patents (claim charts that under the Patent Local Rules would  
not have been due for months after filing), thus obviating any delay caused by  
amendment.
- In the absence of leave to amend, InterTrust would be required (and entitled) to  
file the new allegations of infringement as a separate case, which in due course



either (a) would be related to and consolidated with the existing suit anyway, after unnecessary delay and motion practice, or (b) would proceed separately, requiring two Markman hearings construing multiple identical terms and two trials, both raising the distinct possibility of conflicting rulings.

Basic principles of judicial economy and established rules of procedure dictate that leave to amend be granted in such circumstances. InterTrust, in advance of filing this application, served upon Microsoft amended claim charts for the existing patents-in-suit and complete claim charts for the four additional patents, and asked that Microsoft stipulate to leave to amend. See Declaration of Michael H. Page (“Page Decl.”), ¶¶ 5-9 & Exhs.C,D. Microsoft declined to stipulate, necessitating this application.<sup>1</sup> Id., ¶ 6-9 & Exhs. E, G.

## II. STATEMENT OF FACTS

This action has been pending for some fifteen months. As one would expect in any litigation concerning "cutting edge" technology, the world has not stood still while this case has been pending. Microsoft has continued to release new versions of its software, and has unveiled numerous new products, services, and initiatives. Chief among those initiatives has been Microsoft's ".NET" initiative, Microsoft's next generation technology platform. Since this lawsuit was filed, Microsoft has rolled out myriad aspects of .NET, and has begun publishing sufficient information about its .NET architecture to enable InterTrust to identify numerous additional infringements of its patents. As set forth in the accompanying Declaration of David P. Maher, InterTrust's Chief Technical Officer (hereafter, "Maher Decl."), significant technical source material used to identify those infringements was not available until late 2001 or 2002. Maher Decl., ¶5.

In addition, since this lawsuit was filed, Microsoft has shipped new versions of its operating system (Windows XP), has unveiled the Xbox gaming system, has introduced or updated technologies such as Windows CE for Automotive, Microsoft's driver signing

<sup>1</sup> In addition to adding four new patents, InterTrust's proposed amended complaint includes U.S. Patent No. 6,157,721, which is currently asserted in a separate but related and consolidated action, No. C 02 0647 SBA. The amended complaint makes no changes in the allegations related to that patent, and incorporates it only in order to fully consolidate the pending actions under a single case number. Upon filing of the Fourth Amended Complaint, the consolidated case could then be dismissed as moot.

1 technology, and its Media Player application, and has implemented numerous new technologies  
2 to allow secure computing across multiple distributed machines. Maher Decl. ¶¶ 6, 7. In each  
3 instance, and others, Microsoft has only later published technical disclosures and other  
4 information concerning these infringing technologies. Only as technical disclosures and  
5 publications concerning these new products and services have become available, InterTrust has  
6 been able to identify additional infringements of its patents. An extensive list of these sources,  
7 published or released in late 2001 and 2002, is contained in the Declaration of David P. Maher.

8 Similarly, time has not stood still at InterTrust. Pending patent applications have resulted  
9 in additional patents being issued to InterTrust, including the '402 patent, issued in May of this  
10 year. In its proposed amended complaint, InterTrust alleges infringement of this new patent.  
11 Moreover, analysis of material produced by Microsoft in discovery has revealed additional  
12 infringed claims from the patents-in-suit.<sup>2</sup>

13 As a result, it is again necessary for InterTrust to amend both its complaint and its Local  
14 Rule 3-1 disclosures, in order to assert all currently known claims in a single action. Those  
15 claims include four additional patents. Three of the four additional patents (the '019, 876, and  
16 '402 patents) are continuations or divisionals of the same original patent application from which  
17 five of the seven patents-in-suit arose. As a result, they share the same inventorship, and  
18 substantially the same specification, as the patents already in suit. Thus, there is little or no  
19 additional discovery that needs be taken concerning the inventorship of these additional patents:  
20 all documents concerning that invention and reduction to practice have already been produced, as  
21 well as file histories and draft claim charts. And as Microsoft has not yet deposed any of the  
22 inventors or any of the prosecuting attorneys, adding these patents will not result in duplicative  
23 discovery. Indeed, Microsoft has to date taken only one deposition of a third party, which will  
24 not need to be reconvened as a result of the proposed amendments. The fourth additional patent

25  
26 <sup>2</sup> Just as with the additional patents, InterTrust on April 30 and again on June 21 served amended  
27 claim charts detailing additional claims from the patents-in-suit. Page Decl. ¶ 6 & Exh C.  
28 Microsoft has taken the position that InterTrust must seek leave of Court to serve those amended  
claim charts. *Id.*, Exhs.E, G. Accordingly, InterTrust asks that the Court, in granting leave to  
amend and setting a revised schedule, also grant leave to serve those supplemental claim charts..  
See Part II (B), *infra*.

1 (the '181 patent), although it is not a continuation of other patents-in-suit, springs from the same  
2 research efforts at InterTrust, and shares inventorship with the existing patents-in-suit. And  
3 again, all documents related to that patent have already been produced, as have file histories and  
4 draft claim charts.

5 Similarly, adding the four additional patents will have only limited impact on the conduct  
6 of this case under the Local Patent Rules. InterTrust has already produced claim charts for all  
7 eleven patents, and Microsoft has not yet served its Patent Local Rule 3-2 invalidity contentions.  
8 Although Microsoft will of course be required to present invalidity contentions for eleven patents  
9 rather than seven, and the parties and the Court will have to conduct claim construction hearings  
10 on eleven patents, the significant overlap of both subject matter and specifications (and thus the  
11 significant overlap of terms to be construed) means that Markman proceedings for all eleven  
12 patents will be at most only incrementally more complex than proceedings on the existing seven  
13 patents: with few if any exceptions, the terms to be construed extend across the entire body of  
14 patents. Indeed, given the close relationship between the various InterTrust patents, it would be  
15 wildly inefficient to litigate the newer infringements in a separate case, requiring two separate  
16 Markman hearings in two separate matters, with near-complete overlap of the terms to be  
17 construed.

### 18 III. ARGUMENT

#### 19 A. LEAVE TO AMEND THE COMPLAINT SHOULD BE GRANTED

20 Federal Rule of Civil Procedure 15(a) provides that leave to amend a complaint "shall be  
21 freely given when justice so requires." See also Bowles v. Reade, 198 F.3d 752, 757 (9<sup>th</sup> Cir.  
22 1999) (noting that the federal rules evidence a "strong policy permitting amendment"). "Rule  
23 15's policy of favoring amendments to pleadings should be applied with extreme liberality."  
24 DCD Programs, Ltd. v. Leighton, 833 F.2d 183, 186 (9<sup>th</sup> Cir. 1987). The Ninth Circuit has noted  
25 that, when determining whether to grant leave to amend, a court must evaluate five factors: (1)  
26 bad faith by the moving party; (2) undue prejudice to the opposing party; (3) undue delay by the  
27 moving party; (4) futility of the amendment; and (5) whether the moving party has previously  
28 ///

1 amended its complaint. Id. at 186 & n.3. The party opposing amendment bears the burden of  
2 showing prejudice. Id. at 187.

3 Each of these factors militates for leave to amend. There can be no question that  
4 InterTrust has acted in good faith: InterTrust could not have included in its initial complaint  
5 infringement allegations concerning products and services that had not yet been released (or for  
6 which Microsoft had not yet released technical information), or based on patents that had not yet  
7 issued. Moreover, InterTrust advised Microsoft many months ago that it expected to add  
8 additional infringement allegations based on new information. That issue was discussed at  
9 length in the course of preparing the April 1, 2002 Case Management Conference Statement,  
10 which expressly sets forth both InterTrust's intention to add additional claims at the agreed-upon  
11 time of serving additional Patent Local Rule 3-1 disclosures and the parties' respective positions  
12 concerning what effect those additional claims would have on the proposed litigation schedule.  
13 Page Decl., ¶¶ 2-5 & Exhs. A & B at 11.<sup>3</sup>

14 Similarly, leave to amend will not cause any undue prejudice to Microsoft. As noted  
15 above, Microsoft has not conducted any depositions of inventors or prosecuting attorneys, so no  
16 discovery will need to be repeated. Neither are there any significant rulings that need be  
17 revisited, as no claim construction, infringement, or validity issues have yet been decided. Other  
18 than document discovery (which, as noted above, has on the InterTrust side covered the proposed  
19 additional patents as well as those in suit), this case is despite its age in the early stages of  
20 litigation. Admittedly, the allegations of infringement against additional Microsoft products and  
21 services expands the scope of the case—and the scope of discovery that must be provided by  
22 Microsoft—beyond that of the existing claims. But that is a function of Microsoft's vastly  
23 expanded infringement of InterTrust's patents, not of the proposed amendment, and those claims  
24 will be brought against Microsoft regardless whether leave is granted to amend this complaint. If

25  
26 <sup>3</sup> Due in large part to Microsoft's decision to file its ill-fated summary judgment motion, which it  
27 later withdrew, that Case Management Conference was first rescheduled to coincide with the  
28 hearing of that motion, and then cancelled along with the withdrawn motion. As a result, the  
parties have been proceeding on a proposed litigation schedule that has never been approved by  
the Court. InterTrust respectfully urges that a Case Management Conference be held at the  
Court's earliest convenience.

1 anything, bringing those additional claims into this case will streamline the overall course of  
2 litigation between these parties.

3 Nor can there be a claim that InterTrust has unduly delayed bringing these additional  
4 claims. InterTrust has diligently researched new Microsoft products and services as they have  
5 been released, and as technical details of their operation have become available. InterTrust has  
6 at all times advised Microsoft timely of additional claims, and has even taken the step of  
7 providing Microsoft with Local Rule 3-1 claim charts in advance of filing its amended  
8 complaint—claim charts that would not actually be due for many months. InterTrust has also  
9 diligently brought additional claims into the existing complaint in this action, rather than hold  
10 claims back.<sup>4</sup>

11 And finally, there can be no question of futility here: this is not a case where leave to  
12 amend is sought in response to a prior dismissal, and thus where the Court can assess whether  
13 any proposed amendment could cure a previously-adjudicated defect. Rather, these are new  
14 claims, occasioned by additional infringing acts by Microsoft.

15 Conversely, refusal of leave to amend would unduly prejudice InterTrust. Absent leave  
16 to amend, InterTrust will be forced to file a separate action, which will begin an entirely new  
17 one- to two-year process leading to a largely redundant Markman proceeding. As a result,  
18 Microsoft will be able to avoid trial of its current technology almost indefinitely: as that second  
19 filing wends its way to trial, Microsoft will undoubtedly continue to release new versions of its  
20 software, and continue to resist amendment to encompass its current products. Microsoft will  
21 undoubtedly argue that there must be some point at which the pleadings must be fixed, and they  
22 are correct in principle. But that time is not now, while discovery is still open, no substantive  
23 depositions have been conducted by Microsoft, no substantive rulings have been made, and no  
24 invalidity or claims construction positions have been taken. At this early stage, InterTrust  
25 submits that the proper and judicially efficient course is to amend the current complaint to

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27  
28 <sup>4</sup> As a result, this is InterTrust's Fourth Amended Complaint, but that should not weigh against  
InterTrust's amendment here: rather, it is evidence of InterTrust's diligent attempts to avoid

1 encompass all known claims, so that validity and claims construction proceedings can be  
2 conducted once rather than multiple times.

3 **B. LEAVE TO SERVE AMENDED PATENT LOCAL RULE 3-1 DISCLOSURES**  
4 **SHOULD BE GRANTED**

5 The Court should also grant leave for InterTrust to serve its amended Patent Local Rule  
6 3-1 disclosures—amended disclosures that have already been served upon Microsoft on June 21,  
7 2002. Patent Local Rule 3-7 provides that preliminary or final infringement contentions may be  
8 amended or modified upon a showing of good cause. There can be no dispute that good cause  
9 exists for InterTrust to amend its claim charts in this case. The proposed amendments do not  
10 change previous infringement positions in order to avoid the effect of prior rulings, as was the  
11 case in Atmel Corp. v. Information Storage Devices, 1998 U.S. Dist. LEXIS 17564 (1998)  
12 (rejecting attempt to amend claim charts after Markman ruling and with summary judgment  
13 motions pending). Rather, they add additional claims of infringement based upon new Microsoft  
14 products and services, and based upon documents produced by Microsoft since service of  
15 InterTrust's preliminary claims charts. As set forth above and in the Declaration of David P.  
16 Maher, the proposed amendments are based in large part on information that was not made  
17 available by Microsoft until late last year and this year.

18 Neither can there be any possible prejudice to Microsoft as a result of the amended  
19 claims charts. Although InterTrust's prior claim charts were served in November, 2001, nothing  
20 of substantive effect has occurred since. Microsoft has not taken any positions in reliance on the  
21 prior claim charts: in fact, Microsoft has not yet even served its Patent Local Rule 3-3  
22 Preliminary Invalidity Contentions. Under the Patent Local Rules, those disclosures are the next  
23 step after Rule 3-1 claim charts, and are supposed to be served 45 days after Rule 3-1  
24 disclosures. Microsoft can hardly claim to be prejudiced by amendment of InterTrust's claim  
25 charts when it has not even proceeded to the next step in the process. Neither have there been  
26 any substantive decisions by the Court in the interim.

27 ///

28  
undue delay and prejudice.

Conversely, denial of leave to serve amended claim charts would severely prejudice InterTrust. Denial of leave would mean that Microsoft could avoid liability for significant portions of its ongoing patent infringement simply by releasing new products and services after service of InterTrust's initial disclosures. Unless leave is granted to bring new and newly-discovered infringements into this case, InterTrust would be required to file a separate lawsuit, asserting the same patents against the same defendant, every time Microsoft shipped another infringing product. And, assuming such seriatim complaints were required, Microsoft would upon resolution of the first case surely argue that subsequent cases, filed during the pendency of the first suit, were barred either by res judicata or as impermissibly split causes of action. And of course—as noted above—such seriatim cases would almost certainly be related and consolidated with this case in any event. Where—as here—no prejudice flows from amending the existing claim charts at this early stage, the more logical course is to simply allow the new claims to be amended into the pending litigation. Any other course would be a waste of judicial resources.

#### IV. CONCLUSION

For the foregoing reasons, InterTrust respectfully requests that the Court (1) grant leave to file InterTrust's Fourth Amended Complaint, (2) grant InterTrust leave to serve amended Patent Local Rule 3-1 disclosures, (3) order the consolidated case No. C 02 0647 SBA dismissed as moot, and (4) set a further Case Management Conference at the Court's earliest convenience for the purpose of setting a revised Case Management schedule.

Respectfully submitted:

Dated: July 30, 2002

KEKER & VAN NEST, LLP

By:

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Defendant  
**INTERTRUST TECHNOLOGIES**  
**CORPORATION**